

103D CONGRESS  
1ST SESSION

# S. 914

To amend the Internal Revenue Code of 1986 with respect to the discharge, or repayment, of student loans of students who agree to perform services in certain professions.

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## IN THE SENATE OF THE UNITED STATES

MAY 6 (legislative day, APRIL 19), 1993

Mr. BUMPERS (for himself and Mr. DANFORTH) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 with respect to the discharge, or repayment, of student loans of students who agree to perform services in certain professions.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TREATMENT OF DISCHARGE OR REPAYMENT**  
4 **OF STUDENT LOANS.**

5 (a) DISCHARGE OF INDEBTEDNESS.—

6 (1) ORGANIZATIONS MAKING LOANS TO WHICH  
7 DISCHARGE RULES APPLY.—Paragraph (2) of sec-  
8 tion 108(f) of the Internal Revenue Code of 1986 is

1 amended by striking “or” at the end of subpara-  
 2 graph (C), and by striking subparagraph (D) and in-  
 3 serting:

4 “(D) any bank (as defined in section 581)  
 5 or any financial institution to which section 593  
 6 applies; or

7 “(E) any educational organization de-  
 8 scribed in section 170(b)(1)(A)(ii), including  
 9 loans pursuant to an agreement with any entity  
 10 described in subparagraph (A), (B), (C), or (D)  
 11 under which the funds from which the loan was  
 12 made were provided to such educational organi-  
 13 zation.”.

14 (2) LOANS TO REPAY OTHER LOANS TO QUAL-  
 15 IFY.—Section 108(f)(2) of such Code is amended by  
 16 inserting “, or any loan to such individual by such  
 17 organization or an organization described in section  
 18 501(a) which is exempt from tax under section  
 19 501(c) to repay such a loan,” after “section  
 20 170(b)(1)(A)(ii)”.

21 (b) CONDITIONS FOR EXCLUSION.—Section  
 22 108(f)(1) of the Internal Revenue Code of 1986 is amend-  
 23 ed to read as follows:

24 “(1) IN GENERAL.—In the case of an individ-  
 25 ual, gross income does not include—

1           “(A) any amount which (but for this sub-  
2           section) would be includible in gross income by  
3           reason of the discharge (in whole or in part) of  
4           any student loan, or

5           “(B) the repayment of a student loan by  
6           an educational organization described in section  
7           170(b)(1)(A)(ii) or an organization described in  
8           section 501(a) which is exempt from tax under  
9           section 501(c),

10          if such discharge or repayment was pursuant to a  
11          provision of such loan or a program under which all  
12          or part of such loan would be discharged or repaid  
13          if such individual is employed (during or after en-  
14          rollment as a student at such educational organiza-  
15          tion) for a certain period of time in certain profes-  
16          sions related to the education provided to the indi-  
17          vidual by the educational organization and for any  
18          of a broad class of employers. Subparagraph (B)  
19          shall not apply if the employment described in the  
20          preceding sentence is with the organization repaying  
21          the student loan.”.

22          (c) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to any discharge, or repayment,  
24          of a student loan after the date of the enactment of this  
25          Act, in taxable years ending after such date.

